



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 15, 2005

H.R. 4501 **Passport Services Enhancement Act of 2005**

As introduced on December 13, 2005

H.R. 4501 would authorize the Department of State to collect a new surcharge on passports to cover additional costs related to processing passport applications. Payments under the bill would be deposited as offsetting collections and remain available until expended to meet additional expenses of passport processing. This authority would expire in 2010. Based on information from the department, CBO estimates the department would collect and spend roughly \$50 million in 2006, \$120 million in 2007, and an average of \$150 million a year over the 2008-2010 period. These effects are considered direct spending, but the collections and spending offset each other; thus the bill would have no significant effect on the federal budget.

The Intelligence Reform and Terrorism Prevention Act of 2004 (Public Law 108-458) requires passports or other secure documentation from all U.S. citizens entering the United States from other countries in the Western Hemisphere, and has generated a surge in demand for passports. The department estimates it will receive a significant number of additional applications for passports under Public Law 108-458—6 million in 2006, 15 million in 2007, and 17 million in 2008. By extrapolating, CBO estimates additional applications would reach 19 million in 2009 and 21 million in 2010. To cover the costs of this increased workload, the department plans to charge a surcharge of \$8 per passport application if this bill is enacted. (Without the authority for these new collections, the department might have to seek more discretionary appropriations to meet workload requirements.)

H.R. 4501 would impose a private-sector mandate, as defined in the Unfunded Mandates Reform Act (UMRA), on individuals who apply for a passport. The bill would authorize the Secretary of State to collect a surcharge on the filing fee of each passport application through the end of fiscal year 2010. Because a passport can only be issued by the federal government using its sovereign power, increasing the cost of a passport application would be a new mandate on individual applicants. According to the Department of State, the surcharge would be \$8 per application. Based on the number of current passport applications, CBO estimates that the direct cost to comply with the mandate would be about \$50 million in 2006

increasing to approximately \$165 million in 2010 and would exceed the annual threshold established by UMRA for private-sector mandates (\$123 million in 2005, adjusted annually for inflation) in 2008 through 2010. The bill contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts are Sunita D'Monte (for federal costs) and Paige Piper/Bach (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.